

AMENDED IN ASSEMBLY JUNE 28, 2011

AMENDED IN SENATE MAY 2, 2011

AMENDED IN SENATE APRIL 25, 2011

SENATE BILL

No. 596

Introduced by Senator Price

February 17, 2011

An act to amend Sections ~~790.034, 10089.2, and 10103.5~~ *790.034 and 10089.2* of the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 596, as amended, Price. Insurance: disclosures.

Existing law requires an insurer, upon receiving notice of a claim, to immediately, but not more than 15 calendar days after receipt, provide the insured with a legible reproduction of the specified Insurance Code section, in at least 12-point type, detailing acts prohibited as unfair trade practices, and a written notice, as specified.

~~This bill would delete the requirement to provide a reproduction of the specified Insurance Code, and would require that the contents of the written notice be changed, as specified, and be in at least 12-point type. The bill would also require that the insurer provide to the insured a copy of a specified portion of the Insurance Code section upon oral or written request of the insured.~~

~~Existing law prohibits any policy of residential property insurance from being issued unless the named insured is provided a copy of the California Residential Property Insurance Disclosure. Existing law, effective July 1, 2011, prescribes the contents of the California Residential Property Insurance Bill of Rights.~~

~~This bill would allow the California Residential Property Insurance Disclosure and the California Residential Property Insurance Bill of Rights to be placed in the same document.~~

This bill would revise the written notice and require that it be provided to the insured with a legible reproduction of only specified portions of the Insurance Code in at least 10-point type.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 790.034 of the Insurance Code is
2 amended to read:

3 790.034. (a) Regulations adopted by the commissioner
4 pursuant to this article that relate to the settlement of claims shall
5 take into consideration settlement practices by classes of insurers.

6 (b) (1) Upon receiving notice of a claim, every insurer shall
7 immediately, but no more than 15 calendar days after receipt of
8 the claim, provide the insured with a *legible reproduction of*
9 *subdivisions (h) and (i) of Section 790.03 along with a written*
10 *notice containing the following language in at least 10-point*
11 *10-point type:*

12
13 “In addition to subdivisions (h) and (i) of Section 790.03 of the
14 Insurance Code, Fair Claims Settlement Practices Regulations
15 govern how insurance claims must be processed in this state. These
16 regulations are available at the Department of Insurance Internet
17 Web site, www.insurance.ca.gov. You may also obtain a copy of
18 this law and these regulations free of charge from this insurer.”
19

20 (2) Every insurer shall provide, ~~whether requested orally or in~~
21 ~~writing by an insured~~, a copy of subdivisions (h) and (i) of Section
22 790.03 of the Insurance Code and, ~~unless the regulations are~~
23 ~~inapplicable to that class of insurer~~ *whether requested orally or in*
24 *writing by an insured*, copies of Sections 2695.5, 2695.7, 2695.8,
25 and 2695.9 of Subchapter 7.5 of Chapter 5 of Title 10 of the
26 California Code of Regulations, *unless the regulations are*
27 *inapplicable to that class of insurer*. This law and these regulations
28 shall be provided to the insured within 15 calendar days of request.

1 (3) The provisions of this subdivision shall apply to all insurers
2 except for those that are licensed pursuant to Chapter 1
3 (commencing with Section 12340) of Part 6 of Division 2, with
4 respect to policies and endorsements described in Section 790.031.

5 SEC. 2. Section 10089.2 of the Insurance Code is amended to
6 read:

7 10089.2. (a) (1) Subject to the approval of the commissioner,
8 every insurer subject to this chapter shall, at the time of offering
9 to issue or offer to renew coverage as part of the offer of coverage
10 required by Section 10081, disclose to the applicant, in writing as
11 a freestanding document or in the same document containing the
12 offer of coverage required by Section 10081, which brings attention
13 to the applicant, all discounts or surcharges, if any that are available
14 from the insurer for that insurance and for any related insurance
15 provided under that coverage as part of the offer of coverage
16 required by Section 10081.

17 (2) The insurer shall provide and disclose in writing any
18 discounts or surcharges, if any, for earthquake hazard reductions,
19 which shall include, but not be limited to, retrofitting of the
20 residential dwelling by tying the structure to the foundation or
21 bracing the structure to the foundation, reinforcement of the
22 fireplace chimney, or securing of the hot water heater, and any
23 other discounts that are available from the insurer.

24 (b) Each insurer that offers earthquake insurance through
25 licensed agents or brokers shall provide in writing the document
26 required in subdivision (a) and any documents required by
27 subdivision (a) of Section 10083 to the agents and brokers listing
28 all of the discounts or surcharges, if any, that are required to be
29 disclosed to the applicant under this section, and shall require its
30 agents and brokers to make the disclosures required by this section.

31 (c) An insurer is not subject to this section where an insured
32 has completed earthquake hazard reductions and the insurer has
33 provided discounts or surcharges for the specific policy in the form
34 of premium rate changes.

35 ~~SEC. 3. Section 10103.5 of the Insurance Code, as added by~~
36 ~~Section 4 of Chapter 589 of the Statutes of 2010, is amended to~~
37 ~~read:~~

38 ~~10103.5. (a) Every California Residential Property Insurance~~
39 ~~Disclosure shall be accompanied by a California Residential~~
40 ~~Property Insurance Bill of Rights. If the insurer provides the~~

1 insured with an electronic copy of a policy, the bill of rights may
2 also be transmitted electronically.

3 ~~(b) The California Residential Property Insurance Bill of Rights~~
4 ~~shall be plainly prepared in no less than 10-point type and may be~~
5 ~~included in the same document containing the California~~
6 ~~Residential Property Insurance Disclosure, set forth in Section~~
7 ~~10102. The Bill of Rights shall contain the following:~~

8
9 “California Residential Property Insurance Bill of Rights

10
11 A consumer is entitled to receive information regarding homeowner’s insurance.
12 The following is a limited overview of information that your insurance company
13 can provide:

- 14
- 15 • ~~The insurance company’s customer service telephone number for~~
16 ~~underwriting, rating, and claims inquiries.~~
 - 17 • ~~A written explanation for any cancellation or nonrenewal of your policy.~~
 - 18 • ~~A copy of the insurance policy.~~
 - 19 • ~~An explanation of how your policy limits were established.~~
 - 20 • ~~In the event of a claim, an itemized, written scope of loss report prepared~~
21 ~~by the insurer or its adjuster within a reasonable time period.~~
 - 22 • ~~In the event of a claim, a copy of the Unfair Practices Act and, if requested,~~
23 ~~a copy of the Fair Claims Settlement Practices Regulations.~~
 - 24 • ~~In the event of a claim, notification of a consumer’s rights with respect to~~
25 ~~the appraisal process for resolving claims disputes.~~
 - 26 • ~~An offer of coverage and premium quote for earthquake coverage, if eligible.~~
- 27

28 A consumer is also entitled to select a licensed contractor or vendor to repair,
29 replace, or rebuild damaged property covered by the insurance policy.

30
31 The information provided herein is not all inclusive and does not negate or
32 preempt existing California law. If you have any concerns or questions, contact
33 your agent, broker, insurance company, or the California Department of
34 Insurance consumer information line at (800) 927-HELP (4357) or at
35 www.insurance.ca.gov for free insurance assistance.”

36
37 ~~(e) (1) The bill of rights shall be distributed by all insurers~~
38 ~~licensed to sell residential property insurance in this state.~~

39 ~~(2) If the insurer under a personal lines residential property~~
40 ~~insurance policy reports claims history or loss experience of~~

1 insureds under those policies to an insurance-support organization;
2 the insurer shall include the following disclosure in the California
3 Residential Property Insurance Bill of Rights:

4
5 “This insurer reports claim information to one or more claims
6 information databases. The claim information is used to furnish
7 loss history reports to insurers. If you are interested in obtaining
8 a report from a claims information database, you may do so by
9 contacting:

10
11 (Insert the name, toll-free telephone number, and, if applicable,
12 Internet Web site address of each claims information database to
13 which the insurer reports the information covered by this section)”

14
15 (d) This section shall become operative on July 1, 2011.